

Testimony of Mr. Jerry Johnson, Owner, The Laurel of Asheville
To the U.S. House of Representatives
Committee on Small Business
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My name is Jerry Johnson I own with my partner "The Laurel of Asheville", a local monthly lifestyle magazine. I have been an owner of various small businesses for nearly 25 years. All of those businesses have had less than ten employees.

There has always been a constant need to search or shop for health insurance. That is because prices have always been going up and the amount of coverage has always been going down. My overall view is that there has been a dramatic change in the health insurance market place over the last 25 years. In the early 80's there were numerous companies offering a wide variety of coverage from major medical to hospitalization. In those early years I learned to shop for a better price every two years because rates increased. There were numerous agents available then that provided policies and educated you as to new choices and different coverages. In the past decade the choices in the once abundant health insurance marketplace have gone away. Ten years ago there were probably 40 to 50 companies offering some variety of health insurance in North Carolina. Today I believe there are less than 10 and even those choices are limited because some of these companies are really offering only indemnity policies. Which means they pay cash per incident, but are not true hospitalization or major medical coverage.

Today there are more people needing and looking for coverage. The high cost of medical care can ruin a family's future or prevent someone from truly becoming well. Yet, today far fewer agents are offering health insurance choices and fewer companies are supplying policies. As a small business person this does not make sense. When I know there are more people wanting to buy something. It usually means that more businesses will enter the marketplace to meet the demand. This is definitely not true with health insurance.

As a small business person I believe more competition is needed in the marketplace. Competition in any industry I can think of has brought about creativity and innovation. Whether that means in delivery of services, coverage, or pricing. I also believe that the government can aid in this expanding of the marketplace. One, the government can become the reinsurer of catastrophic coverage. Making it available on a sliding income scale to those insurance companies willing to innovate and offer policies to children and families that are most at risk. Companies that are also willing to help with wellness and non-traditional forms of health care. Keeping people healthy and not just paying for their sickness is what insurance companies could be doing differently. Secondly and what would save small business people a lot of time and money would be to make access easier to the types and varieties of insurance coverages. With fewer agents in the field and fewer companies it would be really helpful to aggregate these services to a website or clearinghouse. There standard terms could be used and explained. Comparison and maybe some costing could be projected based on size of groups or associations.

In conclusion, I know that we as a country can do a much better job of keeping our workforce, our families, and children healthy. We need to shakeup the insurance industry and have them start thinking of better ways to market and deliver their products and less about the stock market.

Thank you for your time Mr. Chairman.